THE

Market Administrator's

BULLETIN

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Price Support Purchases Take Less Milkfat But More Solids-Not-Fat In 1960

The Dairy Situation AMS, USDA, Feb., 1961

The supply of milk, when measured on a milkfat basis, exceeded commercial demand by about 3 percent in 1960, as it did in 1959. In 1951 and 1952, Government purchases of dairy products for price support represented just a fraction of a percentage of the total milkfat produced. Then in 1953, milk production was boosted to a much higher level by an unusually large year-to-year increase of 5½ billion pounds. The increased level of output, together with some slackening in the demand following the Korean conflict resulted in sharply increased purchases for price support. Expressed in terms of milkfat, purchases were 8.4 percent of production in 1953. Purchases were again large in 1954, dropped substantially in 1955, and in 1959 and 1960 had been reduced to 2.7 percent of production.

Although the consumption of milkfat has been decreasing during this period, available supplies since 1953 have receded even faster. In 1960, the civilian per capita consumption of milkfat in all dairy products totaled 25.1 pounds, compared to 29.4 pounds in 1950. Consumers have restricted their intake of milkfat primarily by using less butter than formerly and switching to field products with a lower fat content. Use of evaporated milk has also declined. On the supply side, the reduction to meet falling demand for milkfat occurred in two ways: (1) a falling off of per capita production of milk; and (2) a downward adjustment in the milkfat content of milk. The second item was responsible for reducing the production of milkfat in the last 10 years by about 5 percent.

The CCC purchased practically no American cheese in 1960, due to the strengthening of the commercial demand for cheese, both by consumers and for storage. Quantities of American cheese moving into the private sector of the market in 1960 totaled 931 million pounds, up 70 million pounds from the year before.

The supply of solids-not-fat, in contrast to milkfat, has continued substantially to exceed demand at price support levels since 1953, with no evidence of an immediate trend toward an improved balance. From 1953 to date, annual purchases by the CCC have represented between 6 and 8 percent of production, with the exception of 1955, when the equivalent of only 5.3 percent of the output was taken. In 1960, purchases amounted to 7.7 percent of production.

Milk solids-not-fat present something of a paradox. Per capita production of this ingredient has been declining, due to the drop in the per capita output of milk, and because today milk is about 1 percent less rich in solids-not-fat than a decade ago. Despite the downtrend in per capita production, quantities of solids-not-fat marketed have more than outpaced the growth in population. This has come about as more and more farmers have shifted to marketing whole milk rather than

(continued on back page)

Estimates of Milk Production and Milk Cow Numbers Revised Downward

The Dairy Situation AMS, USDA, Feb., 1961

Estimates of milk production and disposition and dairy cow numbers are based upon data collected by the Bureau of the Census and the Department of Agriculture. Every five years the Bureau of the Census conducts a comprehensive survey and obtains information on all farms. Between the Census periods, the Department of Agriculture estimates year-to-year changes, using information obtained from a sample of farmers in all parts of the country. Other data, such as those provided by plants manufacturing dairy products and those that come from the Federal Milk Marketing Order Program are also carefully considered.

After each census period, estimates are reviewed and adjusted if necessary, to reflect the more complete information of the census. The Department of Agriculture has just completed the review of estimates of milk production and dairy cow numbers for the year 1955-59 in the light of the 1959 census. The review disclosed that the quantity of milk marketed by farmers during 1959 will probably be only about one-half percent smaller than previously estimated. Census data however, revealed an unusually steep decline in the number of dairy farms, which was not fully reflected in the sample data obtained for the intercensual years. As a result, estimates of total milk production, farm uses of milk, and the number of dairy cows were revised downward, while milk production per cow was increased.

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Columbus

Market Facts

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY	March 1961	Feb. 1961	March 1960
Producers' Uniform Price (3.5%)	$4.20	$4.44	$4.24
Producers' Uniform Price (4%)	4.575	4.83	4.61
Class I (3.5%)	4.44	4.715	4.419
Class II (3.5%)	4.04	4.315	4.019
Class III (3.5%)	3.804	3.842	3.697
Class IV (3.5%)	3.090	3.095	2.981
Producer Butterfat Differential for each one-tenth percent	7.5¢	7.8¢	7.4¢

UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	76.2	78.4	82.5
Percent of Producer Butterfat in Class I	72.4	72.5	75.4
Percent of Producer Milk in Class II	8.4	7.9	8.6
Percent of Producer Butterfat in Class II	2.7	2.3	2.6
Percent of Producer Milk in Class III	1.9	1.5	2.2
Percent of Producer Butterfat in Class III	3.4	2.4	3.1
Percent of Producer Milk in Class IV	13.5	12.2	6.7
Percent of Producer Butterfat in Class IV	21.5	22.8	18.9

PRODUCTION SUMMARY			
Total Pounds of Producer Milk Delivered	31,091,341	27,302,402	28,724,747
Average Daily Class I Producer Milk	764,201	764,420	763,433
Total Number of Producers	1,459	1,482	1,704
Average Daily Production per Producer	687	658	544
Average Butterfat Test	3.77	3.87	3.98
Total Value of Producers Milk at Test	$1,368,119.14	$1,289,752.51	$1,317,732.31
Income per Producer (7 day average)	$211.74	$217.57	$174.62

GROSS CLASS USE (Pounds)			
Class I Skim	22,840,754	20,630,520	22,805,241
Class I Butterfat	849,487	767,086	861,184
Class I Milk	23,690,241	21,397,606	23,666,425
Class II Skim	2,659,988	2,214,915	2,574,399
Class II Butterfat	31,823	24,420	29,922
Class II Milk	2,691,811	2,239,335	2,604,321

AVERAGE DAILY SALES (Quarts)			
Milk	303,718	302,336	305,470
Buttermilk	4,842	4,729	5,069
Chocolate	16,864	18,016	18,101
Skim	12,805	12,697	12,659
Cream	8,695	8,557	8,746

COMPARATIVE STATISTICS ★ COLUMBUS MARKETING AREA ★ March, 1952 - '61

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1952......	18,411,883	4.03	78.5	17.6	3.9	——	4.89	5.038	4.638	3.857	——	2,111	281
1953......	22,331,834	3.98	72.0	20.0	8.0	——	4.47	4.676	4.276	3.599	——	2,237	322
1954......	24,837,916	3.97	69.0	14.9	16.1	——	4.06	4.303	3.903	3.427	——	2,214	362
1955......	24,673,521	3.88	73.4	9.6	8.3	8.7	4.00	4.228	3.828	3.828	3.152	2,110	377
1956......	26,122,629	3.85	73.1	10.8	8.0	8.1	3.97	4.20	3.80	3.80	3.124	2,069	407
1957......	24,561,765	3.77	83.6	10.8	2.8	2.8	4.46	4.566	4.166	4.066	3.063	1,918	413
1958......	25,204,863	3.78	80.9	10.1	3.9	5.1	4.34	4.493	4.093	3.993	3.070	1,833	444
1959......	24,683,556	3.81	85.2	10.2	1.2	3.4	4.28	4.394	3.994	3.894	2.871	1,687	472
1960......	28,724,747	3.98	82.5	8.6	2.2	6.7	4.24	4.419	4.019	3.697	2.981	1,704	544
1961......	31,091,341	3.77	76.2	8.4	1.9	13.5	4.20	4.44	4.04	3.804	3.090	1,459	687

USDA Recommends Expanding Regulation of Milk Handling In Ohio

USDA News Release

The U. S. Department of Agriculture has recommended establishing a Federal marketing order to regulate the handling of milk in the Greater Youngstown-Warren, Ohio, marketing area.

The recommendation is based on evidence presented at a public hearing at Youngstown during October 1960, called at the request of a producer organization in the area.

A tentative order has been drawn up and submitted to producers and handlers in the area for exceptions.

The marketing order, if issued, would establish minimum prices to be paid to producers who supply milk distributed in the marketing area. It would not regulate retail prices.

The marketing area, as proposed in the USDA recommendation, would include Trumbull and Mahoning counties (except Smith Township), and Perry Township, in Columbiana County, all in Ohio.

Under other major provisions of the proposed order:

1. Handlers would be charged for milk according to the use they make of it. Class I would be all milk and cream for fluid use, and Class II would apply to milk and cream going into manufactured dairy products.

2. Proceeds from the sale of milk would be distributed among producers by means of a marketwide pool. Under this arrangement, payments due from all regulated handlers for both classes of milk would be pooled, or averaged, and paid out to producers at a uniform, or "blend" price per hundredweight.

3. For an initial 18-month period, the Class I price would be 10 cents higher than the Class I price in the Northeastern Ohio regulated marketing area.

The Class II price would reflect the value of milk used for manufacturing purposes.

After considering all exceptions filed on the recommended marketing order, USDA may issue a final decision on the matter. Producers would then have opportunity to vote on the proposed order. Approval by more than two-thirds of those voting is required before USDA may issue a milk marketing order.

MILK PRODUCTION IN 1961 TO INCREASE MORE THAN LAST YEAR

The Dairy Situation AMS, USDA, Feb., 1961

Average monthly prices received for all milk cows ranged between $217 to $238 per head in 1959 and 1960, up from the low range of $141 to $156 in 1955 and near the previous high period in 1951 and 1952. Prices paid for fresh cows or close springers in Southern New England showed similar behavior, rising in the last two years close to the 1952 high. The higher prices received for milk cows reflect mainly the value of cows as milk producers because the carcass value of milk cows has shown a smaller increase.

Milk production in 1960 totaled 122.9 billion pounds compared to 122.0 billion pounds in 1959. Barring drought, conditions will favor a greater increase in output in 1961 than the 0.9 billion pound rise that occurred last year. There was a noticeable slowup in the downtrend in cow numbers in 1960, and replacement stock has shown an even slower downtrend, especially in the last 2 years. This has resulted in an uptrend since 1957 in number of heifers and heifer calves kept per 100 milk cows. For every 100 cows and heifers two years old and over kept for milk, there were 26.1 heifers and 29.1 heifer calves on January 1, 1961 compared with 23.6 heifers and 25.5 heifer calves in 1957. Milk-feed price relationships are expected to continue relatively favorable, as they have over the last 5 years. Although abrupt changes in livestock prices can considerably affect the level of milk production, they are not likely to occur in 1961. Currently, beef cattle prices, although having declined somewhat from their recent high, are still favorable relative to manufacturing milk prices.

FEED GRAIN PRICES NEAR LEVEL OF A YEAR AGO

The Feed Situation AMS, USDA, April, 1961

Feed grain prices declined in the last half of March after advancing more than seasonally from November to February and early March. Mid-March prices received by farmers for the 4 feed grains averaged 13 percent higher than in November and close to the level of a year earlier. The sharp advance in corn and sorghum grain prices from November to March probably accounts for a large share of the total seasonal rise this year and further increases in prices of these grains, if any, are expected to be moderate.

The average price received by farmers for corn advanced from 87 cents per bushel in November to $1.01 per bushel in March, when prices were only 5 cents below the 1960 support level and slightly higher than in March 1960. Corn prices ranged from 6 to 19 cents below the 1960 support during November-February and a record volume of corn was placed under price support during this period. The resulting reduction in "free" supplies of corn, along with a generally good demand for livestock feeds, were factors strengthening corn prices during the winter months. Prospects for and the passage of the 1961 feed grain program, providing for higher supports on corn and other feed grains, also has been important in influencing feed prices in recent months.

The price of sorghum grain rose 10 cents per 100 pounds from November to March and moderate incerases have occurred since last fall in prices of oats and barley.

Continued Heavy Feeding of Beef Cattle and Dairy Cows Is Expected

The Feed Situation AMS, USDA, April, 1961

Farmers are expected to continue heavy feeding of beef cattle during the coming year. The total number of cattle on farms increased slightly during 1960. The number of beef cattle on grain feed for market was about 6 percent greater on January 1 this year than last. In recent years, there has been a steady increase in cattle numbers, with the number of grain fed for market rising nearly 30 percent during 1960, but farmers continue to feed their dairy cows at a record rate per head. During 1960 the average quantity of feed grains and other concentrates fed per cow totaled 2,259 pounds or an increase of 10 percent over 1959 and an increase of nearly 30 percent since 1955.

ROLLER-DRIED NONFAT MILK

Crop Reporting Board, AMS, USDA

Total roller-dried nonfat milk production in 1960 was 148 million pounds, up 6 percent from the record low output of 1959 but down 19 percent from the 1954-58 annual average. The 8.8 million pounds manufactured in December were 14 percent less than in December 1959 and 13 percent less than average.

Price Support Purchases . . .

(continued from front page)

farm-separated cream. In the last 10 years, this change in the way farmers market milk has added about 800 million pounds of solids-not-fat to commercially available supplies. Around 700 million pounds still remain on farms, most of which will contribute importantly to the supply in the years ahead.

Market Quotations

March 1961

12 MIDWEST CONDENSERIES 3.5% per Cwt.	$3.228
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.9600
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.964
Evaporated Milk Code Price, 3.5% per Cwt.	2.900
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.1901
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.140
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.164
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo)	3.038
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.)	3.039
Average Weekly Cheddars price per lb.	.34700
Average price per lb. non-fat dry milk solids, roller process, delivered in Chicago	.14815
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1312

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